



Jui-hsiang Yao

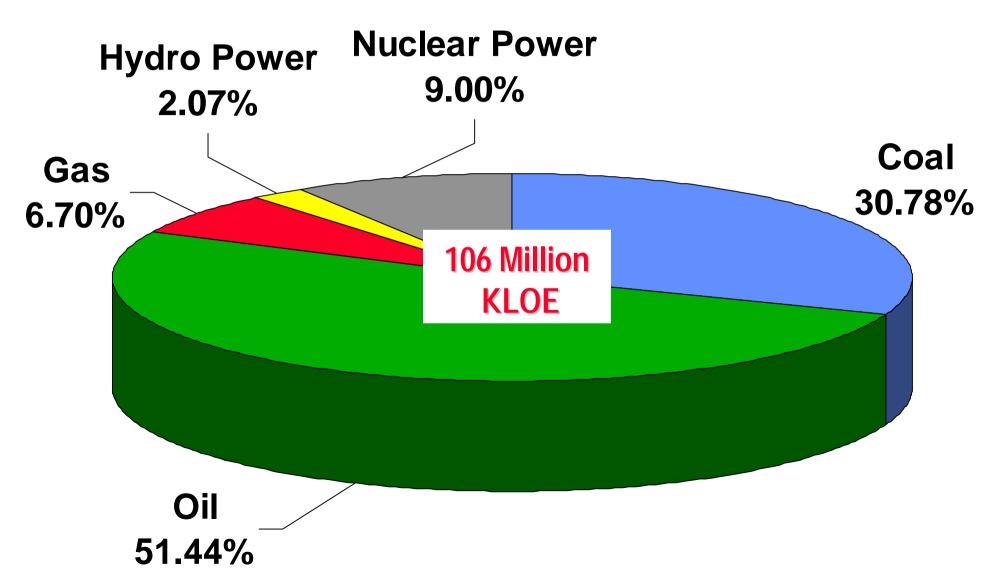
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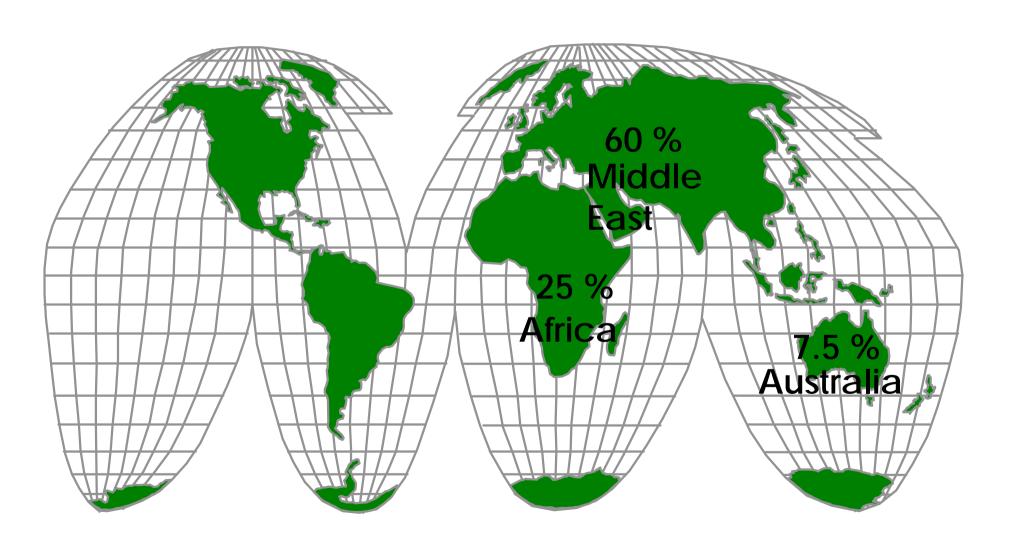
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Primary Energy Supply in 2000



Sources of imported oil in 2000

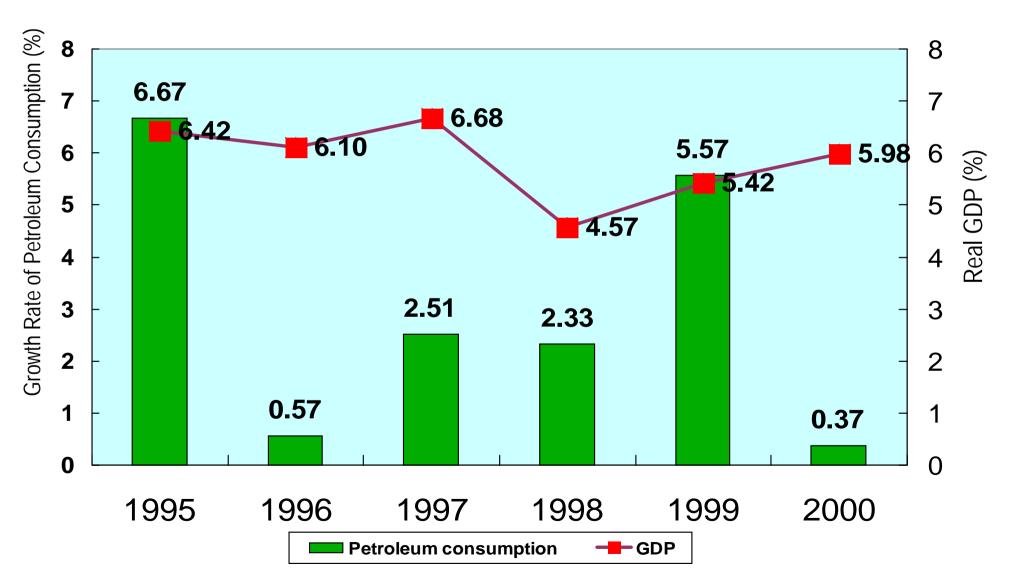


Import Countries of Crude Oil

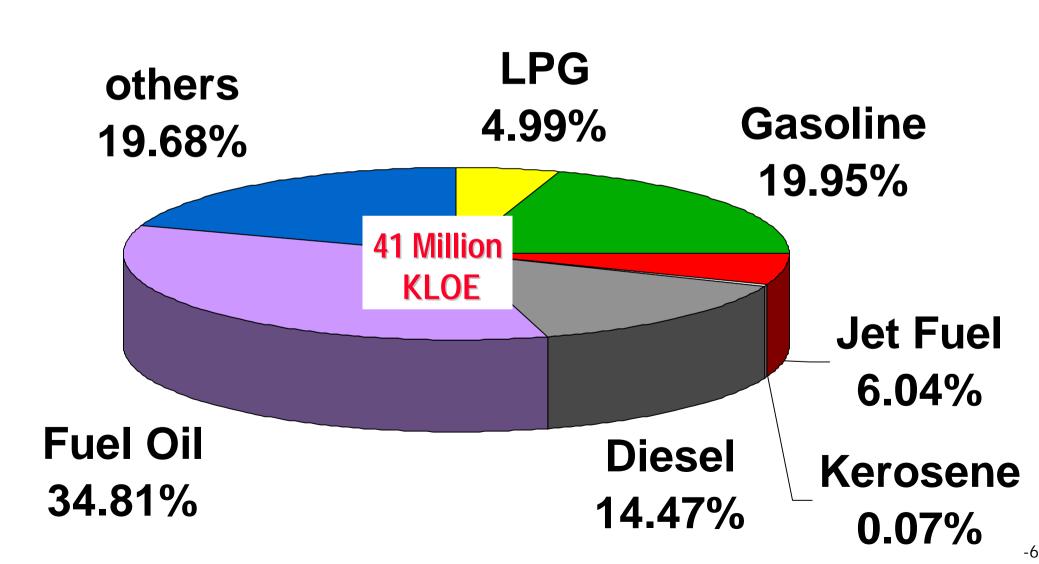
Unit:10³ bbl

	1998		1999		2000		
	Quantity	%	Quantity	%	Quantity	%	
Saudi Arabia	58,524	24.2	46,449	18.3	55,959	20.6	
Kuwait	19,501	8.1	22,183	8.7	28,661	10.5	
United Arab Emirates	20,627	8.5	18,586	7.3	14,450	5.3	
Indonesia	10,445	4.3	10,118	4.0	8,346	3.1	
Oman	2,686	1.1	11,253	4.4	14,309	5.3	
Iran	24,141	10.0	21,698	8.5	25,039	9.2	
Others	106,274	43.9	124,121	48.8	125,249	46.0	
Total	242,199	100.0	254,412	100.0	272,013	100.0	

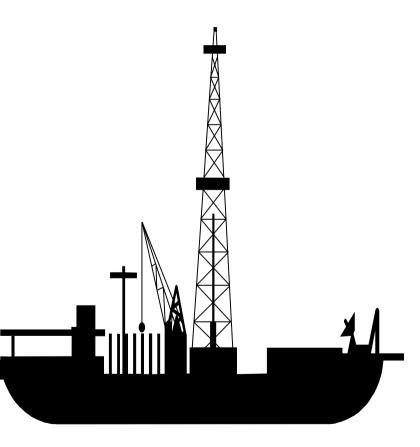
GDP Growth Rate and Petroleum Consumption



Petroleum Products Consumption by Product in 2000



STRUCTURE OF OIL CONSUMPTION (2000)



- Transportation 35 %
- Industrial 33 %
- **⇔** Power generation 18 %
- Residential 4 %
- Commercial & others 3 %
- Agriculture 2 %
- Non-energy use 5 %

Status of Petroleum Industries

- 1.Refineries: 2
 - † Chinese Petroleum Corp. (Capacity:770KB/D)
 - *Formosa Petrochemical Corp.(Capacity:450KB/D; Operation: 300KB/D)
- 2. Importers: 4
- 3. Exporters 2
- 4. Wholesalers for gasoline/diesel 15
- 5. Gas Stations: 2,060
 - (CPC: 583; Contract with CPC:1,027; Contract with FPC:450)
- 6. LPG Stations: 10
- 7. Fishing Vessel Fueling Stations: 38

Petroleum Supply and Demand Outlook

Unit:1000KL(LPG:1000T)

	LPG		Gasoline		Jet Fuel		Diesel			Fuel Oil					
Year	S	D	S-D	S	D	S-D	S	D	S-D	S	D	S-D	S	D	S-D
2000	1030	1530	-500	7280	9550	-2270	2440	2910	-470	7990	6180	1810	16930	16110	820
2001	1030	1540	-510	9800	9860	-60	2840	3010	-170	10360	6310	4050	15160	16460	-1300
2002	1030	1560	-530	13120	10250	2870	4200	3110	1090	15020	5920	9100	13980	15560	-1580
Growth Rate%		1.0%			3.6%			3.4%			-2.1%			-1.7%	



Liberalization of Petroleum Industry

1. Privatization of CPC

- Privatization plan approved : Apr. 1998.
- *Expected date: Jan. 2004 or later.

2. Legislation

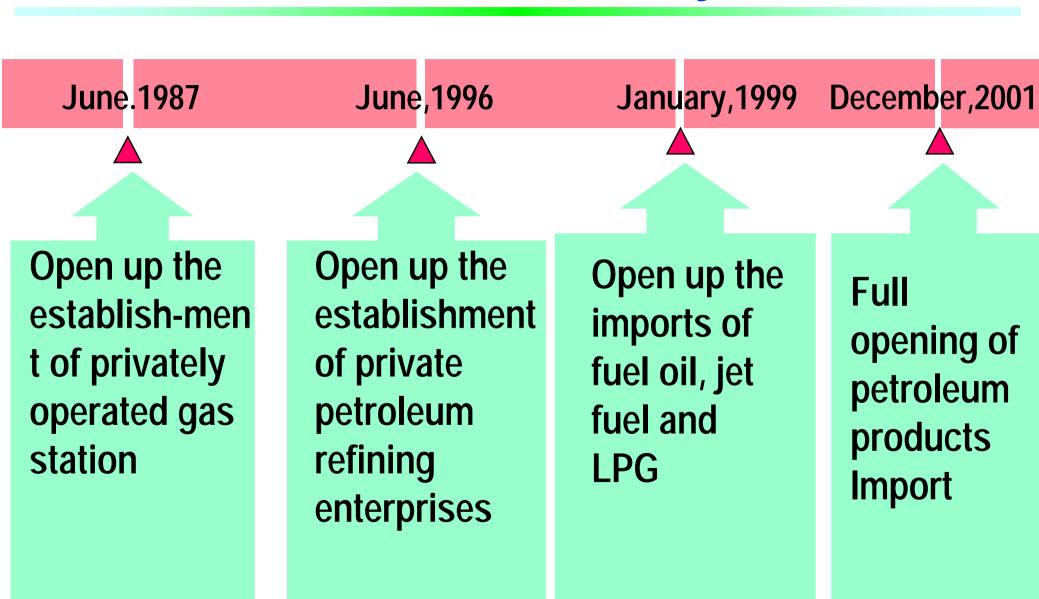
- † Petroleum Administration Law (draft) sent to Legislature : Sep. 1998.
- *Legislature committee review approved : Jan. 1999.
- **†**Expected promulgation : Dec. 2001.

3. Liberalization of Petroleum Industry

- **†** Gasoline stations : private operation allowed since 1987.
- **†** Refineries:
 - **∠**Opened since 1996, Formosa Petrochemical's Product on market since May 2000.
- † Import :

 - ∠2nd stage (all others): originally scheduled Jun. 2000.
- * Foreign participation : no limitation.

The Schedule of Petroleum Industry Liberalization



Petroleum Laritts and Laxes

Item	lm	port Tariff	Harbor	Trade Promotion	Excise	Air Pollution	Value Added	
	General(%)	Reciprocal(%)	Construction Fee(%)	Service Fee (%)	Tax	Control Fee	Tax(%)	
*Crude Oi	I 2.5	2.5	0.2	0.0415	0	0	5	
Fuel Oil	5	2.5 (Power Generation)	0.2	0.0415	0.1 NT\$/L		5	
Kerosene	15	12.5	0.2	0.0415	4.05 NT\$/L		5	
Jet Fuel	15	12.5	0.2	0.0415	0.58 NT\$/L		5	
LPG	2.5	0	0.2	0.0415	0.66 NT\$/KG		5	
Gasoline	15	12.5	0.2	0.0415	6.5 NT\$/L	(1st Grade) 0 NT\$/L (2nd Grade) 0.1 NT\$/L (3rd Grade) 0.3 NT\$/L	5	
Diesel	5	2.5 (Power Generation)	0.2	0.0415	3.8 NT\$/L	0.2 NT\$/L	5	

Framework of Petroleum Administration Law (Draft)

GOALS

RATEGIES

To Diversity

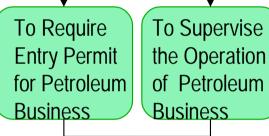
To Diversity
the Source
of Oil Supply

To Set up Oil
Stockpiling
System

Stabilizing Oil Supply

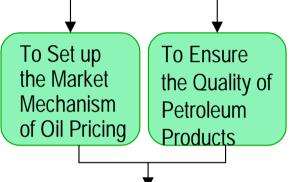
- 1. To Impose petroleum fund to establish government stockpile, encourage oil and gas exploration ,promote R&D.
- 2. To require petroleum refining enterprises and importers to establish security stockpile.
- 3.To enact the regulation of disposing oil during supply disruption periods.

Strengthening Market Order



- 1.Permission required for running petroleum refining and importing business.
- 2. Gas station must apply for licensing.
- 3.Petroleum export & wholesale for gasoline/diesel should be registered.
- 4.Petroleum enterprises should regularly report business operation situation.

Promoting People's Welfare



- 1.Oil price mainly determined by market mechanism.
- 2.Petroleum fund will be used to subsidize oil distribution and marketing for the remote and offshore regions.
- 3.To set up quality inspection system for petroleum products.
- 4. Petroleum industries should carry public accident and pollution liability insurance.

EASURES



Policy for Stabilizing Oil Supply

- 1. Oil supply / demand plans as well as <u>contingency plans</u> <u>should be formulated</u>. And diversification of the sources of oil import should be promoted.
- 2. Provisions of facilities for unloading, transportation, storage and distribution, should be properly planned and appropriate security stockpile should be maintained.
- 3. <u>Local and overseas exploration & development should</u> <u>be promoted</u>.

Petroleum Security Stockpile Requirement

1. Petroleum Industry Stockpile: 60 days

- † LPG: 25 days & no less than 10,000 KL
- † Other Petroleum Products (include Gasoline, Diesel, Fuel Oil, Jet Fuel, Naphtha, Kerosene) : 60 days & no less than 50,000 KL

2. Government Stockpile: 30 days

* Government should establish oil stockpile for 30 days, after the "Petroleum Administration Law" is promulgated for three years.

Petroleum Stock

June, 2001

Crude Oil: 3.6 Million KL (38%)

Oil Products: 5.8 Million KL (62%)

Total Stock: 9.4 Million KL (76 days)

Set up Petroleum Fund

Source

Amount

Purpose

- 1.Imported crude oil and petroleum products
- 2.Indigenous explored oil
- 3.Petroleum
 by-products of
 petrochemical
 industry

Petroleum Fund (NT\$11 billions/year)

- 1. For government Security
 Stockpile (about NT\$7 billions)
- 2.For subsiding oil distribution & marketing for the remote and offshore regions

(about NT\$0. 5 billions)

3. For encouraging oil and natural gas exploration

(about NT\$1.5 billions)

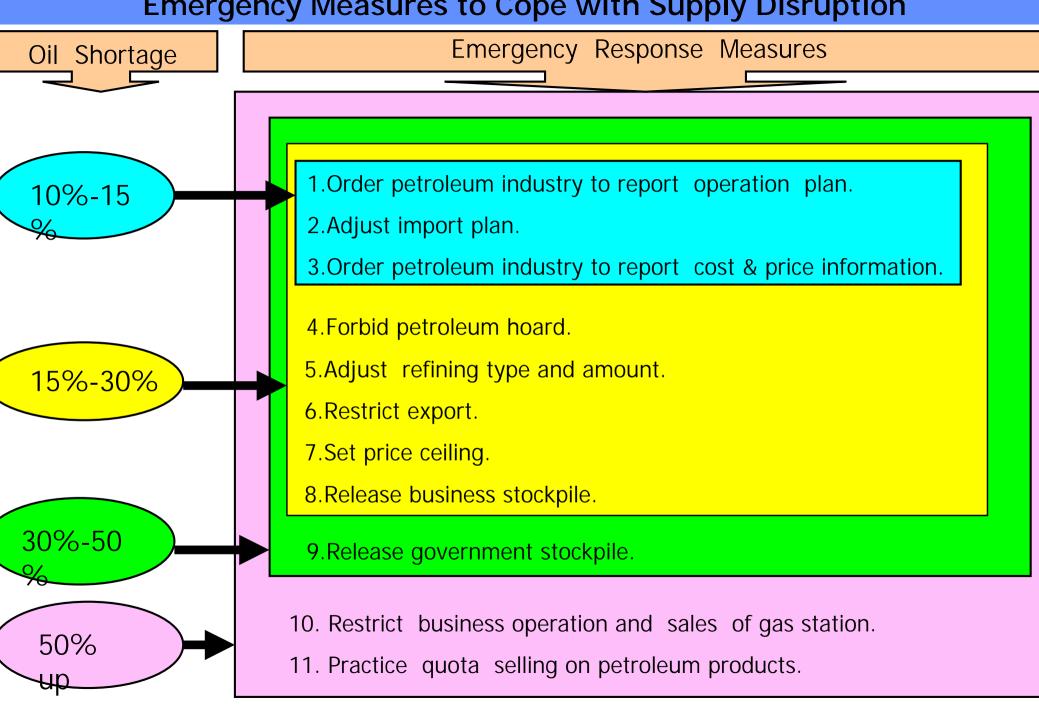
4.For energy R&D

(about NT\$1.7 billions)

5.For other necessary measures (about NT\$0.3 billions)

Measures to Copy with Oil Disruption

† If oil shortage or great fluctuation of oil price affected the oil supply or security, government should institute measures with respect to oil distribution control, quota system adoption, price regulation, and adjustment and utilization of security stockpile for emergency period.



Closing Remarks

- □ Chinese Taipei's dependence on imported oil is 99% and most of the oil comes from Middle-East. Efforts will be made to further diversity the import source of oil.
- Besides the compulsory stockpile of 60 days for oil industry, another 30 days of government security stockpile will be established.

☐ Chinese Taipei supports the implementation of the Energy Security Initiative and is interested in establishing a petroleum sharing and stockpiling mechanism with APEC member economies.

